

July 29, 2021 Hearing

Duke Energy Carolinas, LLC's and Duke Energy Progress, LLC's Late-File Exhibit 1

In response to Commissioner Williams' request, Duke Energy Carolinas, CC ("DEC") and Duke Energy Progress, LLC ("DEP," and together with DEC, the "Companies") provide this Late-Filed Exhibit 1, which shows DEC's calculated avoided cost rates in October 2018, September 2020, and February 2021. Although the DEC October 2018 rates presented to Cherokee were calculated based upon a "must-take" PPA structure, they are presented here calculated based upon a dispatchable tolling agreement PPA structure for comparison and as requested by Commissioner Williams.

**Freund Direct Figure 1:
Five Avoided Cost Rate Proposals Provided to Cherokee**

	DEC Oct. 2018	DEP Feb. 2019	DEP Jun. 2020	DEC Sept. 2020	DEC Feb. 2021
Date of rate request	9/17/18	12/12/18	5/4/20	9/17/20(1)	n/a(2)
Date rate provided	10/31/18	2/1/19	6/24/20	9/17/20(3)	2/10/21
PPA Structure	Non-dispatchable	Non-dispatchable	Non-dispatchable	Dispatchable tolling	Dispatchable tolling
IRP used to support first year of capacity need	2018 IRP (DEC)	2018 IRP (DEP)	2019 IRP (DEP)	2020 IRP (DEC)	2020 IRP (DEC)
First year of capacity need based on IRP	2028	2020	2020	2026	2026
Timing of gas cost assumptions	September 2018	December 2018	April 2020	April 2020	August 2020
Term	5 years	5 years	5 years	10 years	10 years

Information added as Late File Exhibit:

Avoided Cost Component	DEC 2018 Strunk*	DEC Oct 2018 **	DEP Feb 2019***	DEP Jun 2020***	DEC Sept 2020****	DEC Feb 2021
Energy \$/kW-year	\$ 63.00	\$ 34.97			\$ 30.45	\$ 20.79
Capacity \$/kW-year	\$ 47.00	\$ 15.10			\$ 35.68	\$ 35.68
Total \$/kW-year	\$ 110.00	\$ 50.06			\$ 66.13	\$ 56.48

* As presented in Witness Strunk's pre-filed direct testimony.

** This reflects the avoided cost components for a 10 year dispatchable tolling PPA capacity rate that was given to the ORS in response to their data request 2-2.

*** DEP has never modeled a dispatchable tolling PPA for Cherokee based on inputs from December 2019 or June 2020, and is therefore unable to provide these rates to the Commission. Re-running the model to obtain those rates would be a time intensive task that could not be completed in the five business days the Commission granted for filing of this Late File Exhibit.

**** September 2020 avoided cost rates reflected lower start cost payments to Cherokee than those included in the 2012 PPA. Reducing start cost payments under the PPA also increases the value of energy dispatched from the Cherokee Facility resulting in a higher energy \$/kW-year value. DEC's February 2021 avoided cost rates offered to Cherokee assumed start costs equivalent to those in the 2012 PPA, and this was the primary cause for the reduction in calculated avoided energy costs between September 2020 and February 2021 and also a significant factor in the